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W. H. W. Murray

THE NORTH BRITISH

Canadian Investment Company, Limited.

REPORT

BY

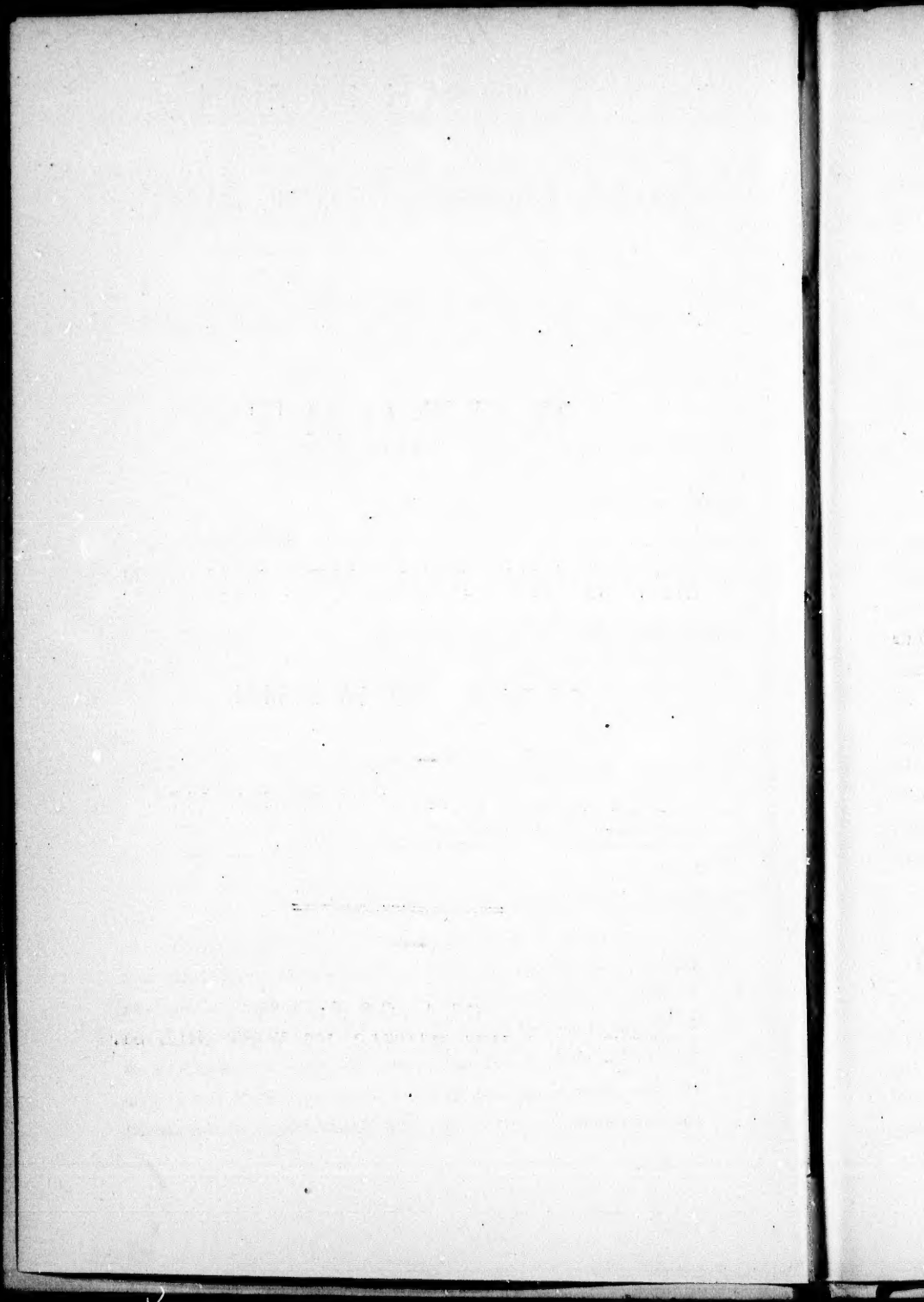
MR. GUNN AND MR. WILSON

OF THEIR VISIT TO CANADA,

29TH AUGUST—7TH NOVEMBER, 1878.

GLASGOW:

PRINTED BY JAMES MACNAB, 106 WEST NILE ST.



GLASGOW, 18th November, 1878.

To the DIRECTORS of

**THE NORTH BRITISH CANADIAN INVESTMENT
COMPANY (Limited).**

GENTLEMEN,

In accordance with the resolution arrived at by you on 2nd July last—that we should, during the autumn of the present year, visit Canada, with the view of reporting on the general state of the Company's business there, as that should appear from personal investigation—we left Glasgow on 29th August, and arrived at Toronto on 10th September.

On our arrival we met with our Advising Board and General Managers, to whom an extract of your minute of 27th August, containing a definition of the objects of our visit, had been sent. These gentlemen expressed themselves as much pleased that you had seen fit to send a Deputation, and placed themselves and the Books, and every information they possessed, very fully and frankly at our disposal. During our visit we had frequent opportunities of meeting the Members of the Board and General Managers, and we feel bound to bear witness to the care and attention which they bestowed upon the Company's business. We attended several Board Meetings when applications for Loans came before them in ordinary course, and were particularly struck with the scrutinizing way in which every application for a Loan was examined, the advantages and disadvantages of the district

from which it came discussed, and the character of the Agent and Applicant considered. In the present Members of our Advising Board we have a happy combination of prudence and zeal, and we feel certain that the gentlemen who represent us have but one aim—viz., to make the Company in all respects, if possible, the first of its kind in the Dominion—aiming rather, in order to secure that end, at a sound and secure business, than at a merely extensive one.

We shall now deal separately with the various points to which our attention was by your instructions specially directed.

I.—MANAGEMENT OF OFFICE, BOOKS, &c.

Our first week in Toronto was spent in the Company's Office, and during that time we made a thorough investigation into the system on which the Books are kept, and had ample opportunity of noticing how the office is managed. The result of our examination was that we have no fault to find and no improvements to suggest.

We found that, while suitable enough for the beginning, the Company's Offices were not in all respects suitable for the business according to its present dimensions. After several conferences with our Advising Board, we expressed to them our opinion that they should look out for other and better Offices. This they are to do.

II.—PROPERTIES MORTGAGED TO THE COMPANY.

We spent fully three weeks travelling through the Province of Ontario, where, with comparatively few exceptions, the Company's funds are all invested, inspecting Property held by the Company on mortgage. During that period we travelled a distance of 2500 miles, and saw 421 Securities, held by the Company,

with a total value of 1,563,000 Dollars, equal to £321,000, on which the sums advanced amounted in whole to 810,000 Dollars, or £166,000. At the time of our visit our total securities numbered about 850, and the sums invested amounted to fully £280,000.

When preparing for the inspection we made a selection of securities in nearly every district, taking those Loans which appeared to have the smallest margin, and the result of our investigation has been entirely satisfactory.

Along with this Report we shall lay before you Books which the General Managers in Toronto prepared for us, in which you will find particulars of the securities we examined, and our special remarks thereon. We should add, perhaps, that with only one or two exceptions, we saw all the securities purchased from the City of Toronto Building Society, and that in the City of Toronto we saw every security held by the Company, whether purchased from that Society or taken by this Company in security of loans made by ourselves.

III.—PAYMENTS OF INTEREST, &c.

In Canada, as in all new countries, borrowers on security of real estate, and especially such of them as are in country districts, are not so punctual with their payments of interest as lenders at home are accustomed to. This arises from various causes, which our Advising Board, being on the spot, can understand, and such want of punctuality is not regarded as at all a sign that a security is bad. The question of arrears received our careful attention, and after conferring fully with our Advising Board we are satisfied that the amount of payments in arrear due to the Company is under the average amount which according to the experience of the older Companies, might be expected to be met with in a business of the extent of our Company's. The Advising Board

and General Managers are dealing with all cases of arrears in the best manner for the Company's interest, and we are of opinion that the matter may be left with every confidence in their hands. We are assured by the Advising Board, and by our own observation, that the chance of any loss on any of the Loans on which we have arrears is very remote. Arrears will continue to be reported to you as hitherto.

IV.—GENERAL MANAGERS' SALARY AND OFFICE EXPENSES.

These matters formed the subject of a special conference with the Advising Board, and the recommendations of that Board, which we feel constrained to endorse, are contained in a copy of their minute of 18th October, which we present to you herewith.

In conclusion, we may say that we think our visit to Canada at this time singularly fortunate. With a commercial crisis at home, so many classes of securities depressed, and confidence in commercial and monetary circles so much weakened, it is a matter for congratulation that we are able to say to you, as we do without hesitation, that the business of this Company is conducted on safe and sound principles, that its Investments in Canada have been and are being made carefully and judiciously, and that our Debentures offer to the public an Investment which yields more than the average return with perfect security.

We are, GENTLEMEN,

Your obedient Servants,

SAMUEL GUNN, *Director.*

ARCH. C. WILSON, *Secretary.*

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